

**AMENDED AND RESTATED  
BYLAWS**

**OF**

**CENTERRA CO-OP**

**Article 1**

*Definitions*

As used or referred to in these Bylaws, and in the Articles of Incorporation, the following terms have the meanings provided next to them:

1.1 **“Absentee Vote”** means the vote of a Member or an Affected Shareholder that is cast without the Member’s or Affected Stockholder’s physical presence at the meeting in which the vote is tallied.

1.2 **“Affected Stockholder”** means any equity holder of the Association who is not a Member and becomes an affected stockholder as described in the Ohio Cooperative Law.

1.3 **“Articles”** means the Association’s Articles of Incorporation as amended from time to time.

1.4 **“Association”** means Centerra Co-op.

1.5 **“Board”** means the Board of Directors of the Association.

**NOTICE OF ADOPTION OF CONSENT BYLAW**

To each member and prospective member: This Association has adopted the “consent bylaw” (See Bylaw Paragraph 7.8). By retaining or obtaining membership in this Association after adoption of the bylaw and your receipt of this notice, you consent to include the amount of each qualified written notice of allocation which you receive from this Association in your gross income for federal income tax purposes if so required by Internal Revenue Code 1385.

1.6 **“Capital Credits”** means equity interests in the Association, other than capital stock, that are allocated and issued to individual equity holders. Capital Credits are further defined and described in the Articles.

1.7 **“Capital Reserve”** means the capital reserve of the Association authorized in Bylaw 7.6. The Capital Reserve may be undifferentiated or it may include designated reserves. The Capital Reserve may be subject to claims of current and former Member Patrons upon dissolution of the Association or as otherwise provided in the Articles or these Bylaws, but it must include the portion of the Association’s shareholder equity that is not allocated to any equity holder of the Association.

1.8 **“Code”** means the Internal Revenue Code of 1986, as amended.

1.9 **“Member”** or **“Members”** means the Members of the Association who are eligible and admitted to Membership by the Board in accordance with the Articles and these Bylaws. The Association has “Voting Members” and “Non-Voting Members.”

1.10 **“Net Margins”** means the annual net proceeds or savings from the Association’s business as defined in Bylaw 7.3. Net Margins are subject to allocation as provided in Bylaw 7.4.

1.11 **“Ohio Cooperative Law”** means Chapter 1729 of the Ohio Revised Code.

1.12 **“Patron”** means a person to whom the Association is obligated, by Membership under these Bylaws or by separate written agreement or both, to allocate and distribute a Patronage Refund. Patron is further defined and described in Bylaw 7.1.

1.13 **“Patronage Refund”** means the portion of Net Margins attributable to a Patron’s Patronage Transactions that is allocated and distributed to the Patron in accordance with Bylaws 7.4 and 7.5. Patronage Refund has the same meaning as given to “patronage dividend” in Section 1388 of the Code and may be distributed by qualified written notice of allocation or nonqualified written notice of allocation.

1.14 **“Patronage Stock”** has the same meaning as provided in the Ohio Cooperative Law and consists of any of the Association’s capital stock or Capital Credits that are originally issued as the non-cash portion of a Patronage Refund or Per Unit Retain.

1.15 **“Patronage Transaction”** means business that the Association does on a cooperative basis with or for a Patron. Board policy determines what business of the Association is done on a cooperative basis, but a Patron’s Patronage Transactions will generally include substantially all of the business the Association does with or for the Patron. Patronage Transaction is further defined and described in Bylaw 7.1.

1.16 **“Per Unit Retain”** means an amount surcharged to or withheld from the transaction price of a Patronage Transaction for the purpose of equity investment in the Association by a Patron. Per Unit Retain and the authority to assess Per Unit Retains are further described in Bylaw 7.2. Per Unit Retain has the same meaning given in § 1388 of the Code, and may be either a qualified Per Unit Retain or a non-qualified Per Unit Retain as determined by the Board.

## **Article 2** *Membership*

2.1 **Admission to Membership.** Only an eligible producer or cooperative (as described in the Articles) accepted to Membership by the Board may become a Member of this Association upon agreement to comply with uniform conditions of Membership prescribed by the Board. Applicants for Membership may be assumed to have applied for Membership as of the first business transaction within the year of application for Membership.

2.2 **Termination of Membership.** The Board may terminate the Membership of a Member who becomes ineligible or who has intentionally or repeatedly violated any Bylaw or condition of Membership in the Association, breached any contract with this Association, or obstructed or engaged in a material conflict with any lawful purpose or activity of the Association. A Voting Member so terminated will have no voting rights in the Association. Termination of Membership will not impair the obligations of either party under any contract between the Association and the person whose Membership is terminated.

## **Article 3** *Member Meetings*

3.1 **Annual Meeting.** An annual meeting of the Members will be held within 6 months following the close of each fiscal year at a time and place and in the manner fixed by the Board.

3.2 **Regular Meetings.** The Board may schedule and call regular meetings of the Members at any time and from time to time.

3.3 **Special Meeting.** A special meeting of the Members may be called at any time by the Board or upon the written petition of at least 20% of the Voting Members. No final action may be taken at any special meeting on any matter not specified in the notice.

3.4 **Action Without a Meeting.** The Members may take actions without a meeting with the affirmative vote in writings signed by at least 60% of the votes of Members (or affected stockholders) who would be entitled to vote on the action in a meeting of the Members.

3.5 **Meetings Held Via Electronic Communications.** The Board, at its election, may provide that meetings may be held by authorized communications equipment, including but not limited to conference call or skype, as long as the Members may contemporaneously communicate with one another. Any transmission by authorized communications equipment (including but not limited to email and phone text) that contains an affirmative vote or approval is considered a signed writing as of the date the transmission is sent. For the purposes of this paragraph, "authorized communications equipment" is any communications equipment that provides a transmission from which it can be determined the transmission was authorized by, and accurately reflects the intention of, the Member involved.

3.6 **Notices.** A written notice of each Member meeting, and of each matter to be submitted for a vote without a meeting, will be sent to each Voting Member at the Voting Member's last known address not fewer than 10 days before the date of the meeting or a vote without a meeting. If circumstances make sending individual notices impracticable, the notice of

meeting may be given by publishing the notice at least 2 weeks prior to the date of the meeting or action without a meeting in a publication or publications of general circulation throughout the Association's trade area. Non-Voting Members and affected shareholders are not be entitled to notice of any Member meetings or any Member action that is to be taken without a meeting, unless otherwise provided in the Ohio Cooperative Law. Notice may be sent by mail, telephone facsimile, or by a means of electronic transmission that reasonably assures actual delivery of the notice.

### **3.7 Voting.**

(a) Each Voting Member is entitled to one vote on each matter submitted to a vote of the Members.

(b) If two or more persons hold one Voting Membership in partnership, joint tenancy, or otherwise, the vote will be cast by any one of these persons.

(c) The vote of any Voting Member that is a corporation or other legal entity ("Member Entity") will be cast by an individual designated by the Member Entity. In the alternative, individual producers who are the principal owner-operators of a Member Entity may become Voting Members in their own right, in which case such individual Voting Members will be entitled to vote in lieu of the Member Entity. In this instance, the Patronage Transactions of the Member Entity will be attributed to such individual Voting Members for the purpose of determining whether they continue to be active Patrons of the Association.

(d) No individual Voting Member may vote in more than one capacity.

(e) A Voting Member may cast an Absentee Vote on any matter to be acted upon by the Members, if an Absentee Vote has been authorized and prescribed by the Board. A Voting Member may cast an Absentee Vote by mail, telephone facsimile, or other electronic transmission that accomplishes delivery of a complete and legible copy of the Absentee Vote to the Association upon the terms prescribed for the Absentee Vote.

**3.8 Member Quorum.** A quorum necessary for any vote or other action of the Members will be at least 5% of the Voting Members participating in person or by Absentee Vote. If the Association has more than 1,000 Voting Members, 50 Voting Members constitute a quorum. The quorum is established by a registration of the Members present or otherwise participating in the meeting or by Member action without a meeting. If the meeting is held by electronic means, "participating in person" includes Members contemporaneously participating as provided in Section 3.5 above.

**3.9 Affected Stockholders.** Affected Stockholders are entitled to notice and participation in matters to be decided by the Members to the extent provided in the Ohio Cooperative Law. If Affected Stockholders are provided the right to vote on a matter to be decided by the Members, the Board may authorize an Absentee Vote for Affected Stockholders.

## **Article 4** *Board of Directors*

#### 4.1 **Qualification and Election of Directors.**

(a) Number of Elected Directors. The Board will consist of no more than 15 Elected Directors, to be elected by and from the Voting Members. Elected Directors may represent Districts in the Association's trade area or serve at-large. The Board will determine the number of District Directors and the number of At-Large Directors, taking into account the considerations provided in 4.1(c). Elections will be held at each Annual Meeting of the Members (or a Special Meeting called for that purpose), or prior to the Annual Meeting to fill the vacancy of each Director whose term expires. The Board may adopt policies and guidelines for voting by mail ballot prior to the Annual Meeting.

(b) Eligibility. To be eligible to serve as a Director, a person must be and remain throughout the Director's term a Voting Member of the Association. A District Director also must reside in the Director District from which the Director is elected. Any Director who ceases to be a Voting Member is disqualified as a Director, and the Director position becomes vacant. The Board may adopt policies and guidelines with respect to Director eligibility, conduct, and training, including the right under Board policies to remove a Director for conduct that harms or could result in harm to the Association.

(c) Director Districts. The Board will adopt policies and guidelines with respect to the number of Director Districts, the number of Directors per District, and the nomination and election of Directors from the Director Districts covering the Association's trade area. These policies and guidelines will take into consideration both democratic representation of the Members and representation of the diverse interests of the Members. The Members who reside in a Director District will elect the Directors from that District. The terms of Directors in each District will be staggered so the expirations of their terms are spread out as evenly as possible.

(d) Term. Each Director will be elected for a term of three years and until a successor is elected and qualified.

(e) Appointed Director. The Elected Directors, by majority vote, may appoint no more than two additional Directors to the Board. An appointed Director need not be a Voting Member of the Association. An appointed Director may be appointed for any term or an indefinite term, and may be removed from the Board by a majority vote of the Elected Directors. An appointed Director has the same status on the Board as other Directors, including the right to vote as a Director.

4.2 **Vacancy.** Each vacancy in an Elected Director position, other than by removal from office by the Voting Members or expiration of term, may be filled for the unexpired term by appointment by a majority of the Directors then in office. An Elected Director may be removed from office by a majority vote of the Voting Members of the Association, in which case the Voting Members must fill the vacancy for the remainder of the term.

4.3 **Meetings.** The Board will meet regularly at such times and places as the Board determines. Special meetings of the Board may be called by the Chairman, President, or any 3 Directors. All meetings will be held on notice prescribed by the Board. Any business may be transacted at any meeting without specification of the business in the notice of the meeting.

Meetings may be held by authorized communications equipment, including but not limited to conference call or skype, as long as the Directors may contemporaneously communicate with one another. The Board also may take actions without a meeting with the affirmative vote or approval of, and in writings signed by, all the directors. Any transmission by authorized communications equipment (including but not limited to email and phone text) that contains an affirmative vote or approval is considered a signed writing as of the date the transmission is sent. For the purposes of this paragraph, "authorized communications equipment" is any communications equipment that provides a transmission from which it can be determined the transmission was authorized by, and accurately reflects the intention of, the Director involved.

**4.4 Organizational Meeting.** An organizational meeting of the Board will be held at or before the next regular Board meeting following each annual meeting of the Members for the purpose of election of officers for the ensuing year and to transact such other business as may properly come before the meeting. The Directors and officers in office prior to the annual meeting will continue to hold office until the organizational meeting.

**4.5 Board Quorum; Voting.** A quorum of the Board is a majority of the Directors. All matters to be decided by the Board require support of at least a majority of the directors.

**4.6 Reimbursement of Expenses, Director Fees.** Directors will be reimbursed for reasonable travel expenses when engaged in the business of the Association and may be paid a reasonable amount for attendance at meetings or on other business of the Association. Director fees may be determined by resolution of the Board.

**4.7 Faithful Performance.** The Board will require each officer, agent, and employee having control or custody of material amounts of the Association's funds or property to give bond or be insured for faithful performance. The Association will pay for the bond or insurance.

**4.8 Audits.** The Board will have the records and financial statements of the Association audited by an independent certified public accountant at least once each fiscal year, and a report of the audit will be made at the next annual meeting of the Members.

**4.9 Borrowings.** The Board has the power to authorize the borrowing of money on behalf of the Association and the encumbrance of the assets of the Association as security for repayment of the amounts borrowed. The Association may provide a financial guaranty or surety for an obligation of another person if the Board determines the guaranty or surety will serve the Association's business interests.

**4.10 Committees.** The Board may appoint such committees, including an Executive Committee, from time to time, and delegate authority and responsibility to these committee(s) as the Board determines. The decision or act of any committee is subject to review and ratification by the Board, and may be amended or repealed by the Board in accordance with any condition imposed by the Board in its delegation and charge to the committee. Each committee must make timely reports of its activities and recommendations to the Board.

## **Article 5**

### *Officers*

5.1 **Election of Officers.** At each organizational meeting of the Board, the Board will elect officers of the Association, including a Chairman, Vice Chairman, Secretary, and Treasurer, and other officers as the Board deems necessary or desirable. The Chairman and Vice Chairman must be Directors of the Association. Officers serve at the pleasure of the Board, and the Board may remove and replace any officer whenever the removal serves the best interests of the Association. The Board will fill any vacancy that occurs among the officers of the Association.

5.2 The **Chairman** shall:

- (a) Preside at all meetings of the Members and of the Directors.
- (b) Perform other duties and have such powers as required by the Board.

5.3 The **Vice Chairman** shall:

- (a) In the absence or disability of the Chairman, perform the duties of the Chairman.
- (b) Perform other duties and have such powers as required by the Board.

5.4 The **Secretary** shall:

- (a) Keep a record of each meeting of the Members and of the Board.
- (b) Give all notices as required by law.
- (c) Perform other duties and have such powers as required by the Board.

5.5 The **Treasurer** shall:

- (a) Supervise the safekeeping of all funds and property of the Association.
- (b) Supervise the records of all financial transactions of the Association.
- (c) Perform other duties and have such powers as required by the Board.

5.6 **President.** The Board will appoint and employ a President, who is the chief executive officer of the Association. The Board may terminate the employment at its discretion. The President shall actively supervise the business of the Association; shall control the employment, compensation, supervision, discipline and discharge of the Association's employees; and shall perform other duties and have such powers as the Board requires or delegates. The President shall not be a Director. The President may appoint an employee or employees as Vice President and delegate authority to such Vice President(s) as the President deems necessary for the efficient and effective management of the Association's business. The President and any Vice Presidents cannot be Elected Directors.

## **Article 6**

### *Indemnification of Directors, Officers and Employees*

**6.1 Indemnification.** The Association will indemnify each person who is or was a Director or officer or employee of the Association, or of any other entity that he or she served at the request of the Association (an “Indemnitee”), against liability and related expense incurred in connection with any claim, suit, or other proceeding (a “Claim”), whether civil, criminal, administrative, or investigative and including any related appeal in which the Indemnitee may be involved by reason of the Indemnitee’s position with the Association. Indemnification will be available whether or not the Indemnitee occupies the position when liability or expense is incurred, but only if the person has met the standard of conduct set forth in Bylaw 6.2. The amount of indemnification will be reduced by the amount of any other indemnification or reimbursement of the Indemnitee in respect of the liability and expense for which indemnification is claimed. As used in this Bylaw, the terms “liability” and “expense” include, without limitation, Indemnitee’s personal expenses, attorney fees and disbursements; fees and expenses of witnesses, experts and other consultants necessary to defend Indemnitee against a Claim; judgments, fines, or penalties; and amounts paid in settlement by or on behalf of an Indemnitee. The disposition of any claim by judgment, order, settlement (whether with or without court approval), or conviction or upon a plea of guilty or of nolo contendere, or its equivalent, does not create a presumption that the Indemnitee did not meet the standard of conduct set forth in Bylaw 6.2.

**6.2 Standard of Conduct for Indemnification.** To receive indemnification with respect to a Claim, an Indemnitee must have:

- (a) acted in good faith; and
- (b) reasonably believed:
  - (1) in the case of the Indemnitee’s conduct in an official capacity with the Association, that the conduct was in the best interest of the Association;
  - (2) in all other cases, that the Indemnitee’s conduct was not opposed to the Association’s best interest; and
  - (3) in the case of any criminal proceeding, had no reasonable cause to believe the conduct was unlawful.

**6.3 Determination of Entitlement to Indemnification.** Each Indemnitee who has been successful on the merits with respect to any Claim is entitled to indemnification. Any other indemnification is available only if the Board, acting by a quorum consisting of Directors who are not parties or who have been wholly successful with respect to the Claim, finds that the Indemnitee has met the standard of conduct set forth in Bylaw 6.2, or independent legal counsel gives the Association a written opinion that the Indemnitee has met the standard.

**6.4 Advancement of Expenses.** The Association may advance funds to pay expenses incurred with respect to any Claim prior to final disposition, if the Indemnitee agrees to repay this amount in the event it is ultimately determined that the Indemnitee is not entitled to indemnification.



6.5 **Rights Not Exclusive.** Indemnification provided in these Bylaws is in addition to any rights to which any Indemnatee may otherwise be entitled by contract or as a matter of law and is available whether or not the Claim asserted against the Indemnatee is based on matters that antedate adoption of this Article 6 of the Bylaws.

6.6 **Insurance.** The Association may purchase insurance to insure this Association against costs of indemnification.

## **Article 7**

### *Patrons and Patronage Refunds*

7.1 **Cooperative Operation.** This Association is operated on a cooperative basis. The term “Patron” as used in these Bylaws and in the Articles of Incorporation means Members doing business with this Association and other persons with whom this Association, by written agreement, does business on a cooperative basis (“Contract Patrons”). Each transaction conducted on a cooperative basis between this Association and each Patron is a Patronage Transaction and includes as a part of its terms each provision of the Articles and these Bylaws, whether or not referred to in the Patronage Transaction. Each Patron is entitled to Patronage Refunds as provided in these Bylaws.

7.2 **Per Unit Retains.** The Association may charge a Per Unit Retain consisting of a fixed price or percentage of transaction price per unit for any part of commodities marketed for, or services or supplies provided to its Patrons for the purpose of providing capital needs of the Association. A Per Unit Retain may be established for all Patrons or for Patrons of a department or division of the Association. Per Unit Retains will be established with reference to capital requirements or costs reasonably related to the Patronage Transaction. Per Unit Retains remain the property of the Patrons so charged and will be evidenced by Capital Credits issued for the account of these Patrons.

7.3 **Computation of Net Margins.** Net Margins will be computed as of the end of each fiscal year as follows:

(a) Gross Receipts. Proceeds of sales of all products marketed, plus amounts received for supplies and services provided, plus amounts received from any other source (other than Per Unit Retains) are gross receipts.

(b) Net Margins. This Association will deduct from gross receipts the sum of all costs and expenses and other charges that are excludable or deductible from this Association’s gross income (including any provision for income taxes or other taxes) in accordance with generally accepted accounting principles that the Association consistently uses to determine its net income. The Patronage Refunds provided for in these Bylaws are not deducted for this purpose. The gross receipts that remain after the foregoing deductions are the Net Margins.

### **7.4 Allocation.**

(a) Association Net Margins. Association Net Margins must be deducted from the Net Margins and applied as follows:

- (1) A reasonable amount of Net Margins, as determined by Board resolution, to be set aside in the Capital Reserve as necessary or desirable to insure the solvency and financial stability of the Association, and with the reasonable belief the amount set aside is in the best interests or not opposed to the best interests of the Association;
- (2) Any amount declared by the Board for dividends on the Association's capital stock;
- (3) The actual amount of income and related taxes that the association is required to pay; and
- (4) The aggregate of the amounts described in clauses (1), (2) and (3) above will first come from Net Margins attributable to sources other than Patronage Transactions ("Non-Patronage Net Margins") to the extent permitted under Federal income tax law, and any Non-Patronage Net Margins not so applied will be set aside in the Capital Reserve.

(b) Patronage Refunds. After deduction of the Association Net Margins, the balance of Net Margins is the Patrons' Net Margins. The Patrons' Net Margins belongs to the Patrons and are allocated to the Patrons on the basis of their respective Patronage Transactions. These allocated amounts are Patronage Refunds due and distributable to the Patrons, as provided in these Bylaws. The Board may allocate Patronage Refunds on the basis of Patronage Transactions and the Net Margins that result from the operations of divisions or departments of the Association, in the manner the Board considers fair to the Patrons.

#### **7.5 Distribution of Patronage Refunds.**

(a) Notice of Allocation. The Association will distribute Patronage Refunds in cash, capital stock, or Capital Credits (or any combination of these) within 8½ months after the end of each fiscal year. Patronage Refunds will include a written notice of allocation showing the amount of distribution, the manner of the distribution, and the amount distributed in cash, capital stock, and Capital Credits.

(b) Differential Distribution. The Board may adopt a base capital plan for distribution of Patronage Refunds in which the cash and non-cash portion of each Patron's Patronage Refund varies in order to fund a Member's or other Patron's required capital contribution through the retention and reinvestment of Patronage Refunds. A base capital plan may use non-qualified and qualified Patronage Refund distributions from the same year's Net Margins.

(c) Forfeiture of Patronage Refunds. A Patronage Refund (or the Patronage Stock of a Patronage Refund, in the case of clause 3 of this section) will forfeit and be irrevocably assigned back to the Association and added to the Capital Reserve if the Association allocates the Patronage Refund to a Patron who:

- (1) does not consent to include the Patronage Refund in income as required in the Consent Bylaw or in any other written patronage agreement;

- (2) is unable or unwilling to receive or accept distribution;
- (3) cannot, after distribution, be located for redemption of the Patronage Stock of the Patronage Refund; or
- (4) is entitled to a Patronage Refund in an amount that is less than the minimum distribution the Board has authorized for that year.

**7.6 Capital Reserve.** The Association will maintain a Capital Reserve for the purpose of providing a reserve against which the Association may charge losses and for other purposes for which a reserve may be necessary or desirable. The Capital Reserve includes unallocated amounts established under Bylaw 7.4(A) and other amounts that are directed to the Capital Reserve under the Articles and these Bylaws.

**7.7 Loss or Losses.** In the event of a loss in one or more departments or divisions of this Association, but not so much as to cause an overall loss for the fiscal year, the loss may be netted against the Net Margins of the remaining departments or divisions.

If the Association incurs an overall loss in any fiscal year, the loss may be charged against the Capital Reserve. If the loss exceeds the Capital Reserve or, in any event, if the Board so elects, the loss may be recovered by charge off in reduction of prior years' non-cash Patronage Refunds or from subsequent years' Net Margins. This Bylaw does not otherwise permit an assessment or capital call against the Patrons for the loss. This Bylaw may not be construed to deprive the Association of the right to carry back or carry forward net operating losses in accordance with the Code or state tax statutes.

**7.8 Consent Bylaw.** Each person (including individuals, partnerships, and corporations) accepted to Membership and each Member on the effective date of this Bylaw who continues as a Member consents, by this act alone, to include in the Member's gross income for Federal income tax purposes the stated dollar amount of any qualified written notice of allocation or qualified notice of Per Unit Retain (as defined in Section 1388 of the Code) received from the Association with respect to Patronage Transactions, to the extent provided in Section 1385 of the Code.

## **Article 8**

### *Fiscal Year*

The Board will designate the fiscal year of the Association.

## **Article 9**

### *Amendment of Bylaws*

Voting Members may amend these Bylaws by a majority vote of the Voting Members who vote on the amendment. Notice of the action to amend must contain the text of the proposed amendment.

**Article 10**  
*Dispute Resolution*

The sole remedy for resolution of any disagreements or disputes arising between the Association and any Member and equity holder arising from or related to the Articles of Incorporation, these Bylaws, any Membership Agreement, any Board policies and procedures, any transaction or agreement (including, but not limited to, any statutory or tort claims arising from the relationship between the Association and any Member) will be through arbitration proceedings before the National Grain and Feed Association (“NGFA”) pursuant to the NGFA® Arbitration Rules. The Association and Members consent to enforcement of the obligation to arbitrate disputes in any state or federal court and expressly waive the defenses of personal jurisdiction and venue with respect to any such action. The decision and award determined through arbitration will be final and binding upon the parties. Judgment upon the arbitration award may be entered and enforced in any court having jurisdiction. (Copies of the NGFA® Arbitration Rules are available upon request and also from the National Grain and Feed Association: Telephone: 202-289-0873; Website: <http://www.ngfa.org>.) Any arbitration conducted under this Article 10 is governed by the Federal Arbitration Act, 9 United States Code §§ 1-16, as now existing or amended in the future.

**AMENDED AND RESTATED  
ARTICLES OF INCORPORATION  
  
OF  
  
CENTERRA CO-OP**

**Article 1**  
*Name*

The name of the Association is **Centerra Co-op**.

**Article 2**  
*Principal Place of Business*

The principal place of business of the Association is in Ashland, Ashland County, Ohio.

**Article 3**  
*Purpose, Powers*

3.1 Purpose. The primary purpose of the Association is to associate producers and others to provide them economic benefit through joint action in purchasing their supplies, services, and

equipment and marketing products they produce. The specific purpose of the Association, and the general nature of its business, is to procure crop and livestock production inputs, distribute petroleum fuels, market grain, and provide related services, supplies and equipment for its Members and other persons. The Association may engage in any other lawful business or activity for which any association may be organized under the Ohio Cooperative Law.

3.2 Powers. The Association is a corporation organized as a cooperative association under Chapter 1729 of the Ohio Revised Code (“Ohio Cooperative Law”). It has all powers and rights conferred on cooperative associations by the Ohio Cooperative Law. These powers include, without limitation, the power to form, acquire or hold an interest in any corporation or other entity; the power to enter into partnerships, joint ventures and other business relationships; and the power to act as statutory agent for any corporation, association, or limited liability company.

## **Article 4** *Capital*

4.1 Capital Stock. The Association is a cooperative association with capital stock, divided into shares and classes as follows:

Common – 5,000 shares Common with par value of \$100 per share.

Class B Preferred – 2,500 shares Class B Preferred with par value of \$10 per share.

Preferred – 300,000 shares Preferred with par value of \$100 per share.

4.2 Common Stock.

(a) Eligible Holder. Common stock may be issued by the Association, or sold or transferred by the holder, only to a Producer or Cooperative who or which has been admitted to Voting Membership in the Association, subject to Paragraph 4.6, below. “Producer” means a person engaged in the production of agricultural products for the market, including a lessor of property used for production of agricultural products for the market who receive as rent part of the agricultural product. “Cooperative” means a producer-controlled entity that is operating on a cooperative basis. The Association will not sell Common stock for less than par value. Eligible holders shall pay for Common stock either in cash, or in property, including with Patronage Refunds, as the Board determines.

(b) Ineligible Holder. If a person who is not a Voting Member acquires Common stock, or a holder of Common stock becomes ineligible for Voting Membership, the holder will have no vote in the Association. The Association may purchase Common stock from an ineligible holder at the lesser of its par value or book value or convert the share(s) to Capital Credits with Stated Value equal to the par value of the Common stock. If the holder does not deliver the certificate for the Common stock, the Association may cancel the certificate in its records and issue Capital Credits in its place.

4.3 Preferred Stock.

(a) Eligible Holders. Shares of Preferred and Class B Preferred stock may be issued or transferred to any person, subject to the terms and restrictions of these Articles.

(b) Preferred Stock in Series. Preferred stock may be issued in separate series of one or more shares as designated by the Board of Directors from time to time.

(c) Evidence of Non-Voting Membership. Class B Preferred stock may be issued to eligible persons as evidence of Non-Voting Membership.

4.4 Capital Credits. The Association may issue Capital Credits that represent ownership of a stated portion (Stated Value) of the Association's capital. Capital Credits have no preference over other Capital Credits. Capital Credits may not be issued for less consideration than their Stated Value. Capital Credits may be issued as evidence of Patronage Refunds or Per Unit Retains as defined and provided for in the Bylaws, as evidence of dividends on capital stock, or any other purpose for which an equity interest in the Association may be issued. Capital Credits may not be issued when, in the aggregate, the par value of capital stock and the Stated Value of Capital Credits then issued and outstanding equal or exceed the Association's net worth. Capital Credits may be issued or transferred to any person, subject to the terms and restrictions of these Articles. Capital Credits may be subject to charges for net losses of the Association as provided in the Bylaws.

4.5 Dividends on Capital Stock and Capital Credits.

(a) Preferred. When the Board of Directors designates each series of Preferred stock, the Board of Directors will establish dividend rights and preferences, if any, for the series. Dividends on Preferred stock may be cumulative or noncumulative and will not exceed 10% of par value per annum. The right to payment of dividends on any series of Preferred stock has no preference over, nor is it subordinate to, payment of dividends on any other series of Preferred stock.

(c) Common, Class B Preferred, and Capital Credits. No dividends will be paid on Common stock, Class B Preferred stock, or Capital Credits.

(d) Conditions of Dividend Payment. The Association must be able to confirm the current address and status of the holder as a condition for payment of dividends that may be declared and payable on the Association's capital stock. If, after reasonable inquiry, the current address and status of a holder cannot be confirmed by the Association, the Association will not declare or pay a dividend on the capital stock held by that holder.

4.6 Transfer of Capital Stock and Capital Credits. Shares of capital stock and Capital Credits issued by the Association may be sold or transferred only with the written consent of the Board of Directors.

4.7 Redemption of Stock and Capital credits. Shares of capital stock and Capital Credits issued by the Association may be redeemed at the time, in the manner, and in the order determined by the Board of Directors. Capital stock and Capital Credits will be redeemed at par value (Stated Value, in the case of Capital Credits) or book value, whichever is less, except as otherwise provided in Article 4.8 of these Articles when the Association asserts a right of lien and offset with respect to Capital stock or Capital Credits. If an affected shareholder is entitled to receive fair cash value for

any of the Association's capital stock or Capital Credits under the Ohio Cooperative Law, "fair cash value" will be the lesser of par value (Stated Value, in the case of Capital Credits) or book value of the stock or Capital Credits, unless otherwise provided in a written subscription for the capital stock or Capital Credits.

4.8 Lien and Right of Offset. The Association has a first lien and security interest in all capital stock, dividends on capital stock, Patronage Refunds, and Capital Credits for all debts or other obligations of the holder or owner to this Association. At the option of the Board of Directors, the Association may offset the amount of any dividends and the present value (based on the Association's history of equity redemption) of the capital stock, Patronage Refunds, and Capital Credits against the debt or obligation; but nothing in these Articles gives the holder or owner any right to require an offset.

4.9 Patronage Refunds. The Net Margins (savings) of the Association in excess of Association Net Margins must be distributed annually to the Association's Patrons as Patronage Refunds on the basis of Patronage Transactions. The calculation, allocation, and distribution of Net Margins must be defined and provided for in the Bylaws.

4.10 Condition of Forfeiture. It is a condition of all Patronage Refunds, capital stock, dividends on capital stock, and Capital Credits allocated, declared or issued by the Association that the Association may effect forfeiture to the Association of these interests that are issued or allocated to a person whose current address and status cannot be confirmed by the Association, as provided and permitted in the Ohio Cooperative Law.

## **Article 5** *Membership*

### 5.1 Member Eligibility.

(a) Voting Members. The Association may admit as Voting Members only eligible persons. To be eligible for Voting Membership in this Association, a person must: (i) be a Producer or Cooperative as defined in these Articles; (ii) become and remain an active Patron of the Association; (iii) be accepted to Voting Membership by the Board of Directors; and (iv) acquire at least one share of the Association's Common stock.

(b) Non-Voting Members. The Association may admit as Non-Voting Members other persons who: (i) become and remain an active Patron of this Association; (ii) are accepted to Non-Voting Membership by the Board of Directors; and (iii) acquire a share of the Association's Class B Preferred stock.

5.2 Further Definition of Members. Voting Members and Non-Voting Members are collectively referred to in these Articles and in the Bylaws as the "Members." The Bylaws may further define and restrict Membership in this Association.

5.3 Voting. The Voting Members exercise all of the voting control of the Association. Each Voting Member is entitled to one vote in any matter submitted to a vote of the Members. Membership or ownership of capital stock or other equity interests in this Association does not

otherwise confer upon the holder any voting rights in this Association, except that affected stockholders are entitled to notice and participation in matters to be decided by the Members only as provided in the Ohio Cooperative Law. Absentee Votes may be cast as provided in the Bylaws. Cumulative voting and voting by proxy are prohibited.

## **Article 6**

### *Board of Directors*

Government of the Association and the management of its affairs are vested in a Board of Directors. The Bylaws will prescribe the number, qualifications, terms and manner of selection of Directors.

## **Article 7**

### *Dissolution*

If the Association dissolves, liquidates or winds up its affairs, whether voluntarily or involuntarily, any property remaining after all creditors have been paid will belong to and be distributed to the Members, equity holders, and Patrons as follows:

- (a) First, to the holders of each series of Preferred stock, in equal preference, the par value of their shares;
- (b) Then to the holders of Common stock, Class B Preferred stock, and Capital Credits, in equal preference, the par or stated value, as the case may be, of their respective holdings;
- (c) Then any property remaining to the Member Patrons on the basis of their respective aggregate Patronage Transactions over the previous 10 years as shown by the records of the Association.

## **Article 8**

### *Amendment of Articles of Incorporation*

These Articles of Incorporation may be amended by an affirmative vote of 60% of those Voting Members who vote on the amendment, as provided in the Ohio Cooperative Law. Notice of any proposal to amend these Articles must include the text of the proposed amendment.

These Amended and Restated Articles of Incorporation supersede and replace all prior Articles of Incorporation of the Constituent Cooperatives and will become effective on March 1, 2017, the Effective Date of merger of the Constituent Cooperatives under a certain Agreement of Merger, as adopted on December 1, 2016, by the affirmative votes of more than 60% of the Constituent Cooperatives' members voting.



